

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 7/22/2014	(3) CONTACT/PHONE Curtis Black 781-5204	
(4) SUBJECT Authorize an internal loan up to \$600,000 from the General Fund to County Parks using the General Fund Designation - Internal Financing as the source and approve a budget adjustment for the Cayucos Pier Restoration Project. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Authorize a loan up to \$600,000 from the General Fund to FC 305 County Parks; and 2. Approve a budget adjustment in the amount of \$600,000 using the General Fund Designation – Internal Financing to fund the Cayucos Pier Restoration Project by 4/5 vote.			
(6) FUNDING SOURCE(S) Internal Financing Loan	(7) CURRENT YEAR FINANCIAL IMPACT \$600,000	(8) ANNUAL FINANCIAL IMPACT \$73,000	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1314161 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>8/10/1999; 6/23/2009; 10/30/2012;</u> <u>3/26/2013; 10/22/2013; 5/20/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 2			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Curtis Black

DATE: 7/22/2014

SUBJECT: Authorize an internal loan up to \$600,000 from the General Fund to County Parks using the General Fund Designation - Internal Financing as the source and approve a budget adjustment for the Cayucos Pier Restoration Project. District 2.

RECOMMENDATION

It is recommended that the Board:

1. Authorize a loan up to \$600,000 from the General Fund to FC 305 County Parks; and
2. Approve a budget adjustment in the amount of \$600,000 using the General Fund Designation – Internal Financing to fund the Cayucos Pier Restoration Project by 4/5 vote.

DISCUSSION

The Cayucos Pier is a 982 foot long timber pier originally constructed in 1872. Since 1945, by written agreement with California Department of Parks and Recreation, the County has accepted all maintenance and repair responsibilities for Cayucos Pier. In recent years the pier has fallen into disrepair and the County has taken steps that will lead to its total restoration.

The following provides a brief history of events:

- Between 2010 and 2012, several weather and surf events led to progressive degradation of the Cayucos Pier and engineering studies were conducted.
- March 2013, the Board of Supervisors authorized \$103,000 for structural assessment and preliminary plan development to restore the existing Cayucos Pier.
- July 2013, approximately one-half of the pier was closed to the public due to structural concerns resulting from missing or severely deteriorated piles, pile caps, and cross bracing.
- August 2013, an above-water assessment identified additional structural deficiencies, resulting in the closure of the seaward two-thirds of the pier.
- October 2013, a below-water structural inspection report stated that the pier was at risk of collapse, and recommended installation of temporary steel beams and timber on the deck to reinforce the structure. As a result, the Board authorized an additional \$510,000 for permitting and emergency stabilization of the pier.
- An interim construction project to stabilize the pier for the winter months began in December, 2013 and was completed in January, 2014.
- March 2014, plans and specifications were completed for the restoration of the pier to include replacement of all piles, pile caps, cross bracing, decking, rails, etc.
- May 2014, the Board authorized \$650,000 of Park Project Reserves to supplement funding for the Cayucos Pier restoration.
- May – June 2014, GSA County Park staff secured commitments from two State agencies for a total of \$1,500,000 of grant funding.

Status and Schedule

Design and specifications for the restoration of the pier are complete. Permits have been received from the U.S. Army Corps of Engineers, the Regional Water Quality Control Board, the California Coastal Commission and California Department of Parks and Recreation. The engineer's estimate for the pier restoration, with all related costs included, is estimated to cost between \$3.0 and \$3.4 million dollars. Friends of Cayucos Pier have committed to providing \$100,000 of this amount and an additional \$130,000 to replace the pier lighting system.

Staff is requesting the Board authorize an internal loan not to exceed the amount of \$600,000. Staff is also requesting approval of a related budget adjustment to move the loan funding into the Cayucos Pier Restoration project.

Next Steps

The schedule below provides an overview of upcoming actions:

- June 2014, the General Services Agency prepared the bidding documents to purchase materials which have a long lead time.
- July 2014, the formal invitation to the bidding process for the construction project will begin.
- August 2014, the Wildlife Conservation Board will review the County Parks application for \$750,000 grant funding that has been committed for the pier restoration project.
- September 2014, staff will return to the Board to request authorization to award the construction contract.
- September 2014, as a part of the financial closing of FY 2013-14, staff will request \$450,000 of GSA County Park Fund revenues that exceed expenses to be provided for the Cayucos Pier Restoration project; thereby completing the funding requirements for the project.
- October 2014, notice to proceed will be given to construction contractor.
- October 2014, the California Coastal Conservancy board will review the County Parks application for \$750,000 grant funding that has been committed for the pier restoration project.
- October 2014 through spring 2015, construction to fully restore Cayucos Pier in progress, completion date subject to surf and weather conditions.

OTHER AGENCY INVOLVEMENT

The San Luis Obispo County Parks and Recreation Commission (PRC) has placed the Cayucos Pier Restoration project on its Park Priority Projects list. On June 26, 2014 the PRC recommended that the Board of Supervisors authorize the application for and acceptance of various grant and funding sources for the Cayucos Pier Rehabilitation project.

The project has been reviewed and coordinated with various public agencies including the following: United States Army Corps of Engineers, California Environmental Protection Agency, California Department of Parks and Recreation, California State Lands Commission, Regional Water Quality Control Board, Air Pollution Control District, and the California Coastal Commission.

Several County departments are actively involved in the project: County Administrative Office, Public Works Department, Planning, Auditor-Controller-Treasurer-Tax Collector, and General Services Agency. County Counsel has provided legal guidance concerning the project and has reviewed documents for form and legal effect.

The San Luis Obispo County Debt Advisory Committee (DAC) recommended that the Board approve the Cayucos Pier Restoration project request for an internal loan up to \$600,000 with an interest rate of Quarterly Average Treasury Pool rate plus .5% amortized over 9 years.

FINANCIAL CONSIDERATIONS

The maximum amount of the loan to the project would be \$600,000 with a repayment term of 9 years. The annual interest rate would be based on the Treasury Pool Rate (plus .5%). For estimating purposes a 2% interest rate has been used resulting in the estimated annual repayment amount of \$73,000. The funds should be drawn as needed to keep interest amounts due as low as possible. Interest would begin accruing on the loan as of the date of each draw. The start date for the repayment of the loan would be either one year after the date of the last draw or upon completion of the project, whichever is sooner.

The attached County Parks Financial Statement provides a general financial position for GSA County Parks. In summary, it projects fund balance growth each year with revenue growth of 2% annually. The historical average revenue growth rate since FY 2009-10 has been 3%. The historical expenditure growth rate since FY 2009-10 has been 1%. The future operating expenditures are anticipated to grow at 3%. Overall it is projected the program will post an average operating profit of \$158,000 over the future two fiscal years, while increasing its fund balance available by \$316,000 at the end of FY 2015-16. County Parks has no outstanding debt as of July 2014.

Cayucos Pier Restoration Funding:

Cayucos Pier Rehabilitation Funding Sources (Project WBS 320060)		
Source	Planned Funding	Status
Balance in Pier Project	\$ 90,000	Committed
Friends of Cayucos Pier	\$100,000	Committed – Board Review/Action Anticipated 9/09/14
Park Project Reserves	\$650,000	Committed – Board approved on 5/20/14
Parks FY 2013-14 Fund Balance Available (1)	\$450,000	Projected – Board Review/Action Anticipated With FY 2013-14 Financial Closing
Chevron Corporation	\$ 5,000	Committed – Board Review/Action Anticipated 9/09/14
California Wildlife Conservation Board	\$750,000	Recommended for Approval at 8/28/14WCB meeting Board review/Action 7/15/14
California Coastal Conservancy	\$750,000	Recommended for approval at 10/02/14 CCC meeting Board Review/Action Anticipated 9/09/14
GSA County Parks Loan (2)	\$600,000	Internal Financing Recommended by DAC Board review/Action 7/22/14
Total Funding	\$3,395,000	
Friends of Cayucos Pier Lighting Project	\$130,000	Committed – Board Review/Action Anticipated 9/09/14
Grand Total	\$3,525,000	

- (1) It is anticipated that County Parks will complete FY 2013-14 with approximately \$500,000 more in revenues than expenses and that \$450,000 of this amount will be requested to be provided for the remaining funds necessary to complete the pier restoration.
- (2) The current request for an internal loan not to exceed \$600,000 is listed without any commitment date noted.

RESULTS

Funding and completing this project will help protect an important recreational, cultural, and historic resource. The project is consistent with the State Lands Commission lease which requires the County to maintain the pier in good order and repair and safe condition. Completing this work supports County goals of providing a safe, healthy and livable community.

ATTACHMENTS

1. Vicinity Map
2. County Parks Financial Statement
3. Amortization Schedule